

Message Text

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SUBJECT: COOPERATIVE FINANCING FACILITY

1. THE CFF PROGRAM ONLY CAN BE USED TO FINANCE SMALL, CAPITAL GOOD EXPORT SALES AND SERVICES TO DEVELOPING COUNTRIES. ONLY ONE FRENCH BANK HAS A CFF CREDIT LINE WITH EXIMBANK; BANQUE DE PARIS ET DES PAYS-BAS. PARIBAS HAS A DOLLAR FOURTEEN MILLION CFF AND WAS GIVEN THIS FACILITY ON THE CONDITION THAT THEY USE IT TO FINANCE U.S.

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EXPORTS TO BUYERS IN DEVELOPING COUNTRIES AND NOT IN FRANCE. EXIMBANK WOULD NOT CONSIDER FINANCING AIRCRAFT OR OTHER EXPORT SALES TO FRENCH BUYERS UNDER THE CFF. WE WOULD CONSIDER FINANCING SMALL, PROPELLER-DRIVEN OR EXECUTIVE-TYPE AIRCRAFT SALES UNDER THE PARIBAS CFF IF THE END USERS WERE IN THE DEVELOPING WORLD.

2. IF THE CONTEMPLATED AIRCRAFT SALES ARE EXECUTIVE TYPE OR OTHER SMALL AIRCRAFT, EXIMBANK COULD CONSIDER FINANCING

THESE SALES UNDER ITS SUPPLIER CREDIT PROGRAMS; I.E., THE COMMERCIAL BANK GUARANTEE OR FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA) PROGRAMS.

3. IF THE CONTEMPLATED AIRCRAFT SALES ARE COMMERCIAL JET AIRCRAFT, EXIMBANK WILL ONLY CONSIDER SUCH SALES UNDER THE

THE DIRECT PROGRAM. UNDER OUR DIRECT CREDIT PROGRAM, SHORT TO MEDIUM RANGE COMMERCIAL JETS FOR WHICH THERE IS FOREIGN COMPETITION GENERALLY ARE FINANCED ON TERMS OF 15 PERCENT TO 20 PERCENT CASH PAYMENT, 40 PERCENT TO 45 PERCENT DIRECT EXIM FUNDING, WITH BALANCE FROM PRIVATE SOURCES. EXIM WOULD GUARANTEE PRIVATE FINANCING TO EXTENT NECESSARY TO COMPLETE TRANSACTION AND WOULD CHARGE FROM THREE QUARTERS OF ONE PERCENT TO ONE AND ONE-HALF PERCENT PER ANNUM PLUS ONE-EIGHTH OF ONE PERCENT GUARANTEE COMMITMENT FEE. EXIM CHARGES ONE-HALF OF ONE PERCENT COMMITMENT FEE FOR ITS DIRECT LOANS AND CURRENT INTEREST RATE ABOUT EIGHT AND THREE-EIGHTHS PERCENT TO 8-1/2 PERCENT. REPAYMENT TERM FOR TOTAL FINANCING IS 20 SEMIANNUAL PRINCIPAL INSTALLMENTS PLUS INTEREST BEGINNING SIX MONTHS FROM AIRCRAFT DELIVERY, WITH PRIVATE FINANCING USUALLY REPAYED FIRST AND EXIM LAST. NORMALLY EXIM SUPPORT FOR INTERCONTINENTAL RANGE JETS FOR WHICH THERE IS UNCLASSIFIED

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LITTLE FOREIGN COMPETITION AT THIS TIME WILL INVOLVE NORMAL CASH PAYMENT AND EXIM GUARANTEE ONLY OF LATER MATURITIES OF PRIVATE FINANCING. BORROWER MUST BE CREDITWORTHY IN ALL INSTANCES. ABOVE TERMS MAY BE ADJUSTED AS NECESSARY TO MEET SPECIFIC FOREIGN GOVERNMENT SUPPORTED COMPETITION.

MR. KUGE, AREA CODE 202-566-8936, PLEASED TO DISCUSS ADDITIONAL QUESTIONS. VANCE

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